

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 98-115-E - ORDER NO. 98-209

MARCH 19, 1998

IN RE: Request of South Carolina Electric & Gas        )  
Company for an Accounting Order Pertaining        )  
to a Settlement between SCE&G and CSX        )  
Railroad.        )

✓MR

This matter comes before the Public Service Commission of South Carolina (the Commission) on the request of South Carolina Electric & Gas Company (SCE&G or the Company) for an accounting Order authorizing a deferral and amortization of a one-time payment.

SCE&G has recently reached an agreement with one of the railroads that delivers coal to its steam production facilities. The agreement calls for the Company to make a one-time payment to the railroad. In return, the Company has received reductions in coal freight rates, decreased minimum tonnage requirements and certain other favorable financial and operating concessions that provide savings substantially in excess of the one-time payment, according to SCE&G. By agreement of the parties and Order of the U.S. District Court, the specific terms of the agreement are confidential.

The Company proposes that it be allowed to defer the one-time payment by charging Account 182.3-Other Regulatory Assets. Monthly, the balance in Account 182.3 would be amortized to Account 501-Fuel Expense in an amount equal to the savings realized through deliveries of coal at the reduced freight rates. It is expected that

the balance would be written off in approximately three years after which time the reductions in freight rates would serve to reduce ongoing fuel costs. Meanwhile, the savings derived from other provisions of the agreement, such as those resulting from decreased minimum tonnage requirements, will be immediately reflected in lower fuel costs and, thereby, provide benefits to customers currently, according to the Company.

In the upcoming annual review of its fuel costs, SCE&G will seek to include the amortization of the one-time payment in amounts to be recovered through the Fuel Adjustment Clause.

Accordingly, SCE&G requests that we issue an accounting Order authorizing the proposed deferral and amortization of the one-time payment.

We have considered the matter carefully, and hold that the Company has stated an appropriate basis for our issuance of the accounting Order as requested by it. We adopt the Company's stated reasoning, and hereby issue the Order as described in the Company's request. We note that the effect of this procedure on fuel costs will be examined by us in SCE&G's next annual review of its fuel costs.

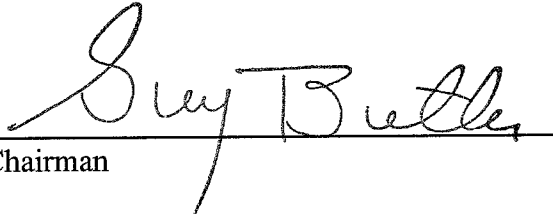
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This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

  
Chairman

ATTEST:

  
Executive Director

(SEAL)